

WORKFORCE OBSERVATIONS

FOR MILWAUKEE COUNTY/WOW COUNTIES

FEBRUARY 2002



A New Perspective on a New Year

During the first month of 2002, the Milwaukee-Waukesha Metropolitan Statistical Area (MSA) economy continued on a recessionary track with respect to employment trends. For the month of January, the metropolitan seasonally adjusted unemployment rate stood at 5.5%, which is 0.3% below the state rate for the same period. This marks a 1.1% increase over the course of the month, and is also 1.2% higher than the rate experienced a year ago. Several factors contributed to this sharp increase. First, and most significantly was the seasonal adjustment associated with the end of the holiday season. Year-end shutdowns and associated layoffs coupled with a weather-related slowing of construction activity led to significant decreases in construction and manufacturing employment. In addition, the end of the holiday shopping season led to significant job losses in both retail trade and service industries. While all of these adjustments occur on an annual basis, the magnitude of these adjustments over the course of the month are significant and lend credence to a continuation of the slowing of the regional economy.

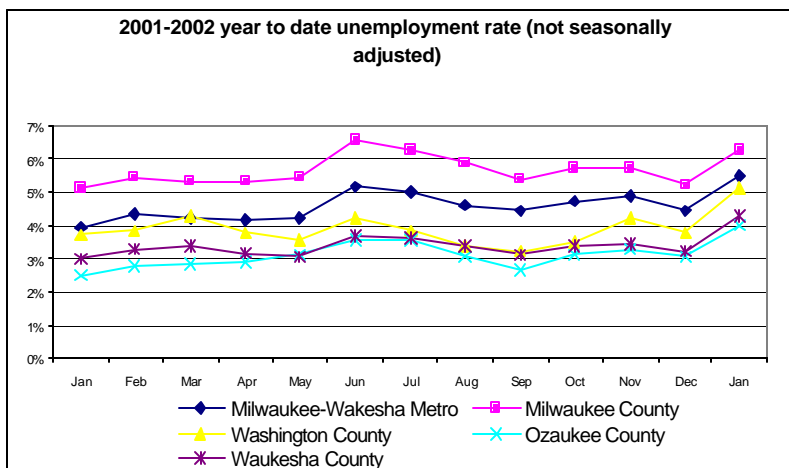
The **Milwaukee County** not seasonally adjusted unemployment rate stood at 6.3 percent in January. The county reported unemployment was 1.0% higher than a month earlier, and is significantly higher than the same period from a year ago, when the January unemployment rate was reported at 5.1%. While this increase is significant, as it matches the one-year increase for the entire metropolitan area, the one-year increases in two of the surrounding metropolitan counties, Ozaukee and Washington were greater. Part of this disparity between the larger and smaller metropolitan counties can be explained by comparing the scale and diversification in the larger counties (Milwaukee and Waukesha). These two factors tend to insulate the county labor forces from shocks in one sector or another.

No sector posted a gain in employment over the past month. The greatest share of job losses in the county were driven by goods producing firms with retail trade and service industries posting the greatest losses. While much of these losses can be attributed to seasonal reductions driven by the end of the holiday season, the magnitude of these losses is again significant.

The construction and mining sector reported losses of approximately 1,000 positions in the county. This is due primarily to a slowing of activity related to seasonal weather changes. Manufacturing firms posted similar losses, due in part to a lag in payroll reporting caused by year-end shutdown. A majority of the losses in government employment is due to similar reporting lags by school districts as a result of holiday vacations.

Reversing the downward movement of the previous month, the not seasonally adjusted unemployment rates for the three WOW counties stood significantly higher in January. **Washington County's** rate of 5.1 percent is 1.3% higher than December. **Ozaukee County** reported a January unemployment rate of 4.0%, which is 0.9% higher than the same period a month ago. The county continues to have one of the lowest unemployment rates in the state, despite this significant increase. For the past month, only Dane County registered a lower unemployment rate of 2.8%. **Waukesha County** experienced an unemployment rate of 4.3%, a 1.1% increase over December. Each of these rates is higher than rates for the respective counties from this time a year ago. Each county experienced an annual increase of between 1.3 and 1.5% January 2001.

This again serves as a significant indicator that the regional economy may not have experienced the full extent of the current economic slowdown. These monthly rates are the highest experienced by any of the three counties over the past decade, where both Washington and Waukesha Counties experienced unemployment rates equal to those reported over



the current month.

With regards to unemployment and job loss throughout the entire WOW WDA, the region experienced a not seasonally adjusted unemployment rate of 4.4%. Comprising this rate was a combination of a significant addition of nearly 4,500 workers to unemployment rolls and an aggregate decrease of 1,400 employed. While these figures are significant, much of the loss can be attributed to seasonal shifts in employment patterns, as an analysis by industry will show.

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The majority of job loss in the region during the past month has been concentrated in four key areas: construction and mining, manufacturing, retail trade, and services. Much of the decline in construction employment can be attributed to seasonal employment patterns in the industry. A large percentage of job losses in retail trade and service industries can be attributed to similar hiring patterns as employment in these sectors tends to fluctuate both during and immediately after the holiday shopping season. A portion of the 930 lost positions in manufacturing can be attributed to reporting lags caused by year-end shutdowns. Additionally, the same conclusion can be drawn with regards to job losses in the government sector, which can be primarily attributed to lags associated with holiday breaks.

Despite the significant employment losses in the past month and

economic setbacks, optimism among business owners continues to grow for the coming year. A recent hiring study released by Manpower, Inc. suggests that the Milwaukee-Waukesha MSA is positioned to be one of the most active metropolitan areas in terms of new hires in the second quarter of the year, with a large portion of those hires coming in the manufacturing and wholesale trade sectors. This comes as welcome news to a region that has experienced significant losses in these two areas, with additional losses expected, particularly in wake of announced job cuts by a number of major firms in the area.

It is important to note that, in a recessionary period, employment often times lags in expansion compared to other indicators. This comes as very little surprise to analysts and business owners, as new hiring decisions are often predicated on a number of other factors. With a number of signs pointing towards recovery, one must remain optimistic that periods of job growth will resume.

| | Wisconsin | Milwaukee-Waukesha MSA | Milwaukee County/WDA | Washington County | Ozaukee County |
|---|-----------|------------------------|----------------------|-------------------|----------------|
| January 2002 | | | | | |
| Civilian Labor Force* | 3,031,860 | 827,478 | 488,319 | 49,749 | 70,059 |
| Persons Employed | 2,855,240 | 781,899 | 457,716 | 47,764 | 66,496 |
| Persons Unemployed | 176,620 | 45,579 | 30,603 | 1,985 | 3,563 |
| Unemployment Rate | 5.8% | 5.5% | 6.3% | 5.1% | 4.0% |
| Total jobs of all non-farm industries** | 2,759,171 | 846,314 | 545,280 | 46,066 | 38,357 |
| Goods Producing Jobs | 675,732 | 189,516 | 96,055 | 17,062 | 12,929 |
| Service Producing Jobs | 2,083,439 | 656,798 | 449,225 | 29,004 | 25,428 |
| Construction & Mining | 108,065 | 30,523 | 12,581 | 2,372 | 1,397 |
| All Manufacturing | 567,667 | 158,993 | 83,474 | 14,690 | 11,532 |
| Transportation, Communications & Public Utilities | 131,498 | 39,175 | 28,657 | 1,774 | 831 |
| Wholesale Trade | 135,100 | 46,844 | 24,107 | 2,314 | 1,539 |
| Retail Trade | 490,681 | 133,943 | 83,157 | 8,336 | 7,058 |
| Finance, Insurance, and Real Estate | 150,431 | 57,884 | 42,034 | 1,969 | 1,940 |
| Services | 761,099 | 284,596 | 204,880 | 9,056 | 10,054 |
| All Government | 414,630 | 94,356 | 66,390 | 5,556 | 4,006 |
| Change from December 2001 | | | | | |
| Civilian Labor Force* | 50,730 | 15,790 | 9,180 | 1,530 | 890 |
| Persons Employed | 6,160 | 6,370 | 3,730 | 540 | 390 |
| Persons Unemployed | 44,570 | 9,420 | 5,450 | 990 | 500 |
| Unemployment Rate | 1.4% | 1.1% | 1.0% | 1.3% | 0.9% |
| Total jobs of all non-farm industries** | -76,820 | -17,280 | -10,590 | -1,020 | -820 |
| Goods Producing Jobs | -18,950 | -4,460 | -2,050 | -380 | -260 |
| Service Producing Jobs | -57,870 | -12,820 | -8,540 | -650 | -560 |
| Construction & Mining | -11,710 | -2,490 | -1,030 | -190 | -110 |
| All Manufacturing | -7,240 | -1,970 | -1,020 | -180 | -140 |
| Transportation, Communications & Public Utilities | -2,540 | -490 | -360 | -20 | -10 |
| Wholesale Trade | -1,380 | -310 | -160 | -20 | -10 |
| Retail Trade | -27,730 | -6,160 | -3,820 | -380 | -320 |
| Finance, Insurance, and Real Estate | -770 | -410 | -300 | -10 | -10 |
| Services | -15,500 | -4,000 | -2,880 | -130 | -140 |
| All Government | -9,950 | -1,450 | -1,020 | -90 | -60 |
| Change from January 2001 | | | | | |
| Civilian Labor Force* | 96,210 | 18,850 | 10,840 | 1,690 | 1,240 |
| Persons Employed | 60,150 | 7,900 | 4,620 | 670 | 480 |
| Persons Unemployed | 36,060 | 10,950 | 6,220 | 1,020 | 760 |
| Unemployment Rate | 1.0% | 1.2% | 1.2% | 1.4% | 1.5% |
| Total jobs of all non-farm industries** | -13,450 | -8,780 | -4,010 | -900 | -660 |
| Goods Producing Jobs | -35,610 | -10,200 | -5,340 | -940 | -740 |
| Service Producing Jobs | 22,160 | 1,420 | 1,320 | 40 | 80 |
| Construction & Mining | -2,160 | -180 | -70 | -10 | -10 |
| All Manufacturing | -33,450 | -10,020 | -5,260 | -930 | -730 |
| Transportation, Communications & Public Utilities | -580 | -970 | -710 | -40 | -20 |
| Wholesale Trade | -840 | -1,590 | -820 | -80 | -50 |
| Retail Trade | -690 | -90 | -50 | -10 | 0 |
| Finance, Insurance, and Real Estate | 2,620 | 370 | 270 | 10 | 10 |

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